

Message Text

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ORIGIN EA-12

INFO OCT-01 EUR-12 ISO-00 PM-05 PA-02 INR-10 ICA-20
SIG-03 /065 R

DRAFTED BY EA/P:STAFF:VDC
APPROVED BY EA/P:J CANNON
DESIRED DISTRIBUTION
ICA/EA:M SMITH

-----128272 210222Z /64

R 201747Z JUL 78
FM SECSTATE WASHDC
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UNCLAS STATE 183682

ATTN PARIS FOR JACK MARESCA

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: JULY 20 EA PRESS SUMMARY

1. VIETNAM

DAVID TRUONG, CONVICTED OF SPYING FOR SRV, HAS ASKED
SUPREME COURT FREE HIM ON 100,000 DOLS BAIL WHILE HE APPEALS
CONVICTION. JUSTICE BRENNEN WEDS ASKED USG REPLY TO
TRUONG'S REQUEST BY NEXT WEDS. IN APPLICATION TO BRENNEN,
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LAWYERS OUTLINED ISSUES FOR APPEAL THEY PLAN TO FILE: USE
OF WARRANTLESS WIRE TAPS/MICROPHONE SURVEILLANCE/DEFINITION
OF NALT DEFENSE AS USED AT TRIAL/WHAT THEY CALL "NOVEL USE"
OF FEDL THEFT STATUTE (WP; AP, NYT).

2. VIETNAM/CHINA

IN PRC'S WEDS PROPOSAL THAT SRV/PRC MAKE FRESH ATTEMPT AT
NEGOTIATING SETTLEMENT FOR REPATRIATION ETHNIC CHINESE
LIVING IN VN, AFP (PEKING, NYT) NOTES PEKING SWITCHED FROM

TAKING RETALIATORY ACTION AGAINST VIETS TO RECALLING THEIR "TRADITIONAL FRIENDSHIP." SUN'S WU (HK) OBSERVES PROPOSAL WAS CONTAINED IN "CONCILIATORY" NOTE PASSED TO VIET FONMIN.

VNA SAID WEDS CHINA HAD CANCELLED AGREEMENT TO TRAIN VIET POST-GRADUATES, CALLING THIS FURTHER STEP IN DETERIORATING RELS BETWN 2 (REUTER 7/19; AFP, NYT--BOTH HK). MEANWHILE, LAOTIAN RADIO SAID WEDS THAT LAOS HAS ENDED ITS NEUTRALITY/PLEDGES "FULL SUPPORT" FOR VN IN DISPUTES W/PRC/CAMBODIA. PLEDGE MADE IN LPDR PAPER EDIT PUBLISHED TUES, ANNIVERSARY OF VIET-LAOTIAN FRIENDSHIP TREATY (UPI BANGKOK, NYT).

WP'S HOANG NOTES THAT EXODUS ETHNIC CHINESE FROM VN MARKS END OF LONG ERA ECON DOMINATION OF SVN BY CHINESE. IN LONG BACKGROUNDER, TELLS HISTORY OF CHINESE IN VN.

3. CHINA

SUN'S TREWHITT REPORTS WOLFF CODEL--JUST BACK FROM PRC-- HAS FOUND DRAMATIC ACCELERATION IN PRC EFFORTS CONTAIN USSR THRU CLOSER TIES W/US. WOLFF SAYS "NEW REALISM" IN CHINA COULD LEAD TO DIRECT NEGOTS UNCLASSIFIED

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W/TAIWAN. AT LEAST, STATES WOLFF, IT REPRESENTS GREATER TOLERANCE FOR "REALITIES" OF US RELS W/ROC. TREWHITT NOTES MOST US SPECIALISTS AGREE CHINA SOFTENING ITS POSITION ON NORMALIZATION FOR 2 BASIC REASONS: NEED FOR TECHNOLOGY/MANUFACTURED PRODUCTS; DESIRE FOR STRATEGIC RELATIONSHIP AS PROTECTION AGAINST SOVIETS. ACCORDING WOLFF, CHINESE LEADERS BELIEVE MOSCOW FEARS 2 ACTIONS BY PRC: FORMAL TIES W/US; PEACE-FRIENDSHIP TREATY W/JAPAN. SAYS CHINESE ALSO REPEATED WARNINGS AGAINST APPEASING SOVIETS, EITHER BY PROVIDING TECHNOLOGY OR BY FAILING COUNTER MOSCOW'S STRATEGIC MOVES AROUND WORLD.

REUTER REPORT ON CODEL TRIP NOTES WOLFF PLANS RECOMMEND PRES CARTER SEND STRAUSS TO PEKING FOR TALKS. HOWEVER, WOLFF CAUTIONED THAT CHINESE POSITION REMAINS THAT NORMALIZATION MUST PROCEED FORMAL TRADE/ECON AGREEMENTS (7/19).

ACCORDING GOVT OFFICIALS, 4 US OIL COS--EXXON/UNION OIL OF CALIF/PHILIPS/PENNZOIL--HAVE ENTERED INTO TALKS W/PEKING--W/USG SUPPORT--TO ESTABLISH OFFSHORE DRILLING OPERATIONS IN CHINA. ALTHO TALKS REPORTED AT EARLY STAGE, DOS OFFICIAL HAS CALLED THEM "IMPORTANT DEVELOPMENT." OTHER OFFICIALS SAID FEW DETAILS AVAILABLE, BUT SEVERAL POSSIBLE DEALS UNDER CONSIDERATION, RANGING FROM EXPORT OF OIL TECHNOLOGY TO

ACTUAL US PRODUCTION ACTIVITIES IN CHINA (BURT, NYT).

UNNAMED USG OFFICIALS SAY PRC HAS REQUESTED PERMISSION PURCHASE 105,000 DOLS WORTH "NON-MILITARY" INFO GATHERED BY US SATELLITES OVER LARGE AREA USSR. US GEOLOGICAL SURVEY ACKNOWLEDGES PURCHASE REQUEST FOR FILM, BUT REFUSES IDENTIFY "FOREIGN APPLICANT" INVOLVED/WILL NOT SAY WHERE DATA COLLECTED BY US UNCLASSIFIED

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SATELLITE SENSORS. OTHER USG OFFICIALS, HOWEVER, SAY CHINESE APPARENTLY SEEKING GAIN INFO OF POTENTIAL MIL VALUE ABOUT USSR (AP'S HOFFMAN, 7/19).

REAGAN AIDE JOHN SEARS TOLD REPORTERS IN WASHINGTON 7/19 THAT FORMER CALIF GOV--AS PART OF HIS EMERGING INTEREST IN ANOTHER PRESIDENTIAL CAMPAIGN BID--SERIOUSLY CONSIDERING PRC VISIT/MORE FLEXIBLE ATTITUDE TOWARD INTL COMMUNISM. SAID REAGAN NOW HAS OPEN MIND ON NORMALIZATION W/PRC, FAVORS "CLOSE COMMUNICATION" W/PEKING AS POTENTIAL ALLY AGAINST MOSCOW. STATED HE "WOULD NOT BE SURPRISED" IF REAGAN SCHEDULED CHINA TRIP SOME TIME NEXT YEAR (WEAVER, NYT; FURGURSON, SUN).

REUTER (PEKING 7/19) REPORTS PRC, IN EFFORT IMPROVE QUALITY OF EDUCATION, WILL LOWER SCHOOL-STARTING AGE FROM 7 TO 6/REDUCE EMPHASIS OF MANUAL LABOR FOR STUDENTS/BEGIN SPECIAL SCIENCE, TECHNOLOGY CLASSES FOR GIFTED PUPILS.

4. CHINA/JAPAN

REUTER (TOKYO) REPORTS HITACHI/TOSHIBA HAVE REACHED BROAD AGREEMENT W/PRC TO EXPORT 150-MIL-DOL COLOR TV MFG FACTORY, CAPABLE OF PRODUCING 900,000 TVS ANNUALLY. CONTRACT WILL BE SIGNED IN PEKING EARLY NEXT MONTH, W/FACTORY TO BE BUILT NEAR HSIENYANG BY 1981. DEAL QUOTED IN DOLLARS/WILL BE SETTLED IN SAME CURRENCY.

5. JAPAN

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RETURNING FROM BONN, USHIBA TOLD REPORTERS IN TOKYO 7/20 HE WILL URGE GOJ RESPOND POSITIVELY TO US DEMANDS FOR INCREASED JAPANESE IMPORTS US FARM PRODUCTS. STATED THIS WAS MAJOR ISSUE ON WHICH

HINGED SUCCESS OF TOKYO ROUND MULTILAT TRADE NEGOTS.
USHIBA/AGRIC MIN NAKAGAWA TO VISIT US IN SEPT FOR
TALKS ON FARM PRODUCTS (REUTER TOKYO).

ACCORDING TOKYO POL SOURCES, FUKUDA BELIEVED ALMOST
CERTAIN RECOMMEND ADDITIONAL MEASURES THIS FALL TO

DEFLATE JAPAN'S TRADE SURPLUSES--ESPECIALLY FOLLOWING
PUBLICATION COUNTRY'S LATEST TRADE FIGURES WEDS.
SOURCES SAY PM MAY CALL ELECTION FOR LATE OCTOBER
AT DIET'S SPECIAL SESSION, WHICH WOULD BE NEEDED TO
ADOPT SURPLUS-CUTTING MEASURES (FOLEY, REUTER TOKYO
7/19).

MITI MINISTER KOMOTO SAID AT 7/19 TOKYO NEWS CONF
THAT JAPAN'S SPIRALING BOP SURPLUS DURING JUNE
SHOWED NEED INCREASE EMERGENCY IMPORTS TO MORE THAN
10 BIL DOLS IN ORDER MAKE REAL DENT IN SURPLUS.
HOWEVER, FINANCE MINISTRY OFFICIALS ATTRIBUTED
JUNE'S INCREASE MAINLY TO FREAK SLUMP IN THAT
MONTH'S OIL IMPORTS/HAVE MADE NO MENTION OF EXPANDING
PROPOSED 4-BIL-DOL EMERGENCY IMPORT PROGRAM (REUTER
TOKYO 7/19).

ENDING 2-DAY VISIT EC HQTRS WEDS, FUKUDA WARNED
THAT BOTH US/EUR HAVE MAJOR ADJUSTMENTS TO MAKE IF
THEIR RESPECTIVE BILAT LINKS W/JAPAN ARE TO ACHIEVE
HEALTHIER BALANCE. STATED IF INFLATION IN US
CONTINUES, JAPAN'S TRADE SURPLUS W/US WILL CONTINUE
"DESPITE MY VERY BEST EFFORTS" CORRECT IT. ON EUR,
FUKUDA ASSERTED IT "HAS NOT QUITE TREATED" JAPAN AS
TRUE FRIEND/REAL PARTNER IN TRADE, "BUT RATHER AS
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SOMETHING ALIEN TO THEM." DECLARED "DAYS ARE
PASSED" WHEN JAPAN/EUR COULD BE CONTENT W/INDIRECT
RELATIONSHIP THRU US AS INTERMEDIARY (ROBINSON, WP
BRUSSELS).

SPEAKING AT SEMINAR FOR JAPANESE BUSINESSMEN WEDS,
MITI'S KOMOTO SAID GOJ SHOULD DRAW UP LARGE-SCALE
SUPPLEMENTARY BUDGET IN LATTER HALF CURRENT FY IN
ORDER ACHIEVE 7 PCT ECON GROWTH. SAID YEN'S HIGH
APPRECIATION AGAINST DOLLAR DUE JAPAN'S CURRENT
ACCOUNT SURPLUS. REPEATED URGINGS THAT JAPAN
"FORCEFULLY" PUT INTO PRACTICE PLANS FOR EMERGENCY
IMPORTS (UPI, JOC).

GOJ SOURCES SAY US/JAPAN HAVE REACHED AGREEMENT ON
TARIFF CUTS FOR COMPUTERS/PERIPHERALS. SAY ACCORD
REACHED BETW USHIBA/STRAUSS IN BONN (UPI, JOC).

CULLISON (JOC TOKYO) DOES ITEM ON HOW JAPAN'S AD AGENCIES CONTINUE PROSPER DESPITE PROLONGED ECON RECESSION. NOTES JAPANESE INDUSTRIAL/COMMERCIAL ENTITIES EXPECTED SPEND OVER 9 BIL DOLS ON ADVERTISING THIS YEAR, MARKING NEARLY 12 PCT INCREASE IN SALES FOR AD FIRMS OVER LAST YR.

OWENS-ILLINOIS HAS ENTERED 10-YR CONTRACT W/NIPPON ELECTRIC GLASS TO PROVIDE 2 CZECH FIRMS W/TECHNICAL ASSISTANCE TO MAKE TV GLASS PARTS (WSJ).

6. KOREA

SENATE APPROPRIATIONS CMTE VOTED 7/19 TO PROVIDE 56 MIL DOLS IN FOOD AID TO SK, PUTTING PANEL AT ODDS UNCLASSIFIED

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W/PREVIOUS HOUSE VOTE CUTTING AID ITEM. IF MEASURE CLEARS FULL CMTE/IS APPROVED BY SENATE, ISSUE MUST BE RESOLVED BY JOINT CONFERENCE CMTE (REUTER 7/19).

SK FORMALLY DEDICATED ITS 1ST NUKE POWER PLANT AT KORI 7/20. PRES PARK TOLD CEREMONY THAT EVENT MARKED "MAJOR TURNING POINT" IN SK'S TECHNOLOGICAL DEVELOPMENT. CONSTRUCTION ALSO STARTED AT 4TH/5TH PLANTS AT SAME LOCATION (REUTER SEOUL).

COMMENT AND ANALYSIS

7. CHINA

KIRK (LAT 7/19) DISCUSSES VARIOUS COMPROMISES PROPOSED IN ORDER SOLVE US' TAIWAN DILEMMA VIS-A-VIS NORMALIZATION W/PRC. CITES POSSIBILITY OF US BECOMING EMBROILED IN SAME TYPE ARMS RACE THAT NOW ENTANGLES ARABS/ISRAELIS, W/US SELLING TO BOTH SIDES. OPINES NO MATTER WHAT COMPROMISE FINALLY AGREED UPON, US LIKELY BE CAST IN "UNSAVORY ROLE" OF ARMS MERCHANT TO VOLATILE WORLD. STATES THAT IN MAKING ARMS TRADE BASIC CONDITION OF RELS W/BOTH PEKING/TAIPEI, US HAS ENTERED "LONG-RANGE, HIGH-RISK DEAL."

8. KOREA

SAFIRE (NYT) TERMS KOREAN INFLUENCE-BUYING PROBES "THIS YEAR'S COVER-UP." FINDS ARGUMENT OF DIPLO IMMUNITY RE KIM DONG JO TESTIMONY FALLS THRU; SAYS DIPLO IMMUNITY NOT IN QUESTION HERE, BUT MERELY WHETHER SK, AS GOOD ALLY, WILL HELP US "DETERMINE WHICH OF OUR CONGRESSMEN ARE FELONS." REMARKS US NOT SEEKING "PUNISH THEIR DIPLOMAT-BRIBER--ONLY TO GET HIS TRUTHFUL TESTIMONY." OPINES THAT AFTER PROTECTING/ DEFENDING SK FROM ATTACK FOR GENERATION, US HAS

RIGHT EXPECT COOPERATION IN THIS MATTER. CONCLUDES
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W/HOPE "THAT SOME DAY, WHEN PARTY POWER SHIFTS," WE
WILL HAVE PROBE "OF ALL THOSE WHO ABETTED THIS
YEAR'S SUCCESSFUL COVER-UP."

9. ECON SUMMIT/JAPAN

OKA (CSM BRUSSELS) OPINES FUKUDA HAS RETURNED FROM
SUMMIT W/ENHANCED INTL REPUTATION--WHICH MAY HELP
HIM IN DIFFICULT POL BATTLE AHEAD AT HOME. QUOTES 1
EUROPEAN RE FUKUDA'S PERFORMANCE AT BONN THAT
"GIVEN THE TOTAL FAILURE OF JAPAN" LIVE UP TO PROMISES
MADE IN LONDON, "IT TAKES A MAN WITH AN EXCEPTION
PERSONALITY TO CONVINCE THE OTHER PARTICIPANTS THAT
THIS TIME HE MEANS WHAT HE SAID." OKA STATES THAT
TO US/EUR/OTHERS, PM'S PLEDGES SEEMED SPECIFIC
ENOUGH/HIS EXPLANATION OF JAPAN'S PROBLEMS W/IN
CONTEXT OF WORLD ECON CONVINCING. SAYS IF ALL GOES
WELL, FUKUDA HOPES HOST NEXT ECON SUMMIT IN TOKYO/GIVE
AN ACCOUNTING OF PROGRESS JAPAN HAS MADE IN CARRYING
OUT BONN COMMITMENTS.

ELSNER (CHITRIB) QUOTES 2 HARRIS BANK ECONOMISTS
THAT SUMMIT WILL HAVE NO BEARING ON ECONS/EXCHANGE RATES
OVER SHORT TERM. FIND RESULTS NOT DRAMATIC/PROMISES
MADE FAIRLY EMPTY SINCE THEY ALL DEPEND ON LEGIS-
LATIVE ACTION AT HOME. BELIEVE INFLATION WILL
FOLLOW SAME PATTERN OVER NEXT FEW YEARS/DOLLAR WILL
REMAIN WEAK AGAINST YEN/MARK/OTHER STRONG CURRENCIES.

AP QUOTES CHASE ECONOMICS ASSOCIATES FORECASTERS WHO
OPINE BONN PLEDGES BOUND TO BE BROKEN. SAY "THERE'S
VERY LITTLE" GOVT CAN DO TO CHANGE COURSE OF PRICES/WAGES,
AND US PLEDGE RE OIL PRICES IN PARTICULAR "RINGS
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HOLLOW." ON JAPAN, CHASE ECONOMIST NORRIS BELIEVES
EVEN IF JAPANESE CARRY OUT PROMISES, "THEY WILL NOT
BE ABLE TO KEEP THE SURPLUS UNDER CONTROL." PREDICTS
YEN WILL RISE TO 200 PER DOLLAR BY YR'S END (SUN).

IN SIDE-BY-SIDE COLUMNS, KRAFT/ROWEN (WP) DISCUSS
SUMMIT. KRAFT SAYS RESULTS OF VARIOUS PLEDGES MADE,
"EVEN IF ALL ARE KEPT--WILL BE MEAGER." BELIEVES LEADERS,
"HAVING PLEDGED THEMSELVES TO EACH OTHER," MUST NOW
TAKE STRONGER STANDS AT HOME IN ORDER KEEP THEIR
PROMISES.

ROWEN SEES SUBTLE SHIFT IN WORLD ECON POWER AWAY
FROM US/TOWARD FRG, JAPAN. NOTES THAT FOR 1ST TIME
SINCE WWII, JAPAN/FRG UNITED AND BLAMED WORLD'S ECON
TROUBLES ON US. EXPRESSES SURPRISE AT FUKUDA'S
DECISION PLAY LEADERSHIP ROLE AT SUMMIT, SAYING PM
SHOWED THAT "HE PACKS A PUNCH." COMMENTS THAT US
PRESENCE AT SUMMIT "DIDN'T SEEM OVERWHELMING," AND
THIS SIMPLY UNDERSCORES FACT US "DOESN'T HAVE THE

CLOUT IT ONCE DID."

KLEIMAN (NYT) EXPRESSES CONFIDENCE IN PROCESS, IF
NOT IN SUBSTANCE, OF SUMMIT. TERMS POLICY TARGETS
SET REASONABLE, W/DATES FOR PROMISED ACTION CLOSE.
NOTES FRG CABINET/JAPAN'S DIET WILL MEET SOON HOPEFULLY
TO ACT ON MEASURES SUMMIT LEADERS AGREED WERE NECESSARY.
SAYS WHILE RESULTS WON'T BE EVIDENT UNTIL NEXT YEAR,
IT'S "OF CAPITAL IMPORTANCE" THAT COOPERATIVE EFFORT
SPEED RECOVERY FINALLY BEING MADE. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 sep 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS SUMMARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE183682
Document Source: ADS
Document Unique ID: 00
Drafter: EA/P:STAFF:VDC
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D780299-0412
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197807106/baaaezhq.tel
Line Count: 347
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: 9871566b-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1857564
Secure: OPEN
Status: NATIVE
Subject: JULY 20 EA PRESS SUMMARY
TAGS: SOPN, XC, US
To: ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS MOSCOW MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9871566b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014